

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE LICKING VALLEY RECC)	
FOR THE AUTHORIZATION TO BORROW FIVE)	
HUNDRED, FORTY-SIX, NINE HUNDRED,)	
THIRTY-NINE (\$546,939.00) DOLLARS FROM)	
NATIONAL RURAL UTILITIES COOPERATIVE)	CASE NO. 90-258
FINANCE CORPORATION, AND TO EXECUTE A NOTE)	
AND RESTATED MORTGAGE FOR SAID SUM; AND)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSARY TO MAKE CERTAIN EXTENSIONS)	
AND IMPROVEMENTS TO ITS SYSTEM)	

O R D E R

Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") filed its application on August 31, 1990 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$546,939 from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes to secure such loan.

In support of its application, Licking Valley filed its 1990-1991 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to serve its load. These improvements and additions are estimated to cost \$1,786,850 and will be financed by loans of \$1,251,000 from

the Rural Electrification Administration ("REA") and of \$546,939¹ from CFC.

Licking Valley seeks authorization to construct extensions and additions to its plant as follows:

1. Conversion, Tie Lines and Changes	\$ 227,600
2. Sectionalizing Equipment	10,500
3. Voltage Regulators and Auto Boosters	6,000
4. New Member Extensions	1,057,600
5. Increased Service Capacity	163,900
6. Ordinary Replacements	211,250
7. Security Lights	<u>110,000</u>

TOTAL	\$1,786,850
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The proposed construction will enable Licking Valley to continue to provide adequate and dependable service to 13,211 customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance, and provide for improved service reliability.

Based on the evidence of record and being otherwise sufficiently advised, the Commission hereby finds that:

1. Public convenience and necessity require the construction by Licking Valley of the improvements and additions to its

¹ The borrowing from CFC includes the purchase of capital term certificates, in an amount equal to 2 percent of the total CFC loan. CFC requires its borrowers to purchase these certificates.

existing plant as described in its 1990-1991 Work Plan, and that a certificate should be granted.

2. The proposed loan from CFC is for lawful objects within the corporate purposes of Licking Valley, is necessary and appropriate for and consistent with the proper performance by Licking Valley of its service to the public, and will not impair its ability to perform that service.

3. Licking Valley is capable of executing its notes as security for the loan as stated herein.

4. Licking Valley should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

5. Licking Valley should notify the Commission in writing of the interest rate program selected and of the reasons for its selection within 10 days of the selection of the program.

6. The proceeds from the proposed loans should be used only for the lawful purposes set out in Licking Valley's application.

7. Licking Valley should include in its monthly report to the Commission the current interest rate on its outstanding variable rate loans.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency do not require Commission approval, KRS 278.300(10), and as the REA is an agency of the federal government, no action on Licking Valley's proposed loans from the REA is required.

IT IS THEREFORE ORDERED that:

1. Licking Valley be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1990-1991 Work Plan.

2. Licking Valley be and it hereby is authorized to borrow \$546,939 from CFC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Licking Valley, at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.


3. Licking Valley be and it hereby is authorized to execute its notes as security for the loan herein authorized.

4. Licking Valley shall comply with all matters set out in Findings 4 through 7 as if they were individually so ordered.


Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 13th day of December, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director